

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR Altamirano DATE TYPED 2/14/2005 HB \_\_\_\_\_

SHORT TITLE Medicare Chiropractor Gross Receipts SB 73

ANALYST Taylor

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(\$10.0)	(\$11.0)	Recurring	General Fund
	(\$6.0)	(\$7.0)	Recurring	Local Governments

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

Department of Health (DOH)

Human Services Department (HSD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 73 provides a gross receipts tax deduction for the receipts of chiropractic physicians providing services to medicare beneficiaries. It also reconciles amendments to the same section of law in laws 2003.

The bill has an effective date of July 1, 2005.

### FISCAL IMPLICATIONS

TRD estimates that the gross receipts deduction provided to chiropractors for services to Medicare beneficiaries would reduce general fund revenues by \$10 thousand and local government revenues by \$6 thousand in FY06. Assuming a FY06 statewide gross receipts tax rate of 6.5 percent, this implies that the tax base—chiropractic services provided to medicare beneficiar-

ies—is approximately \$246 thousand.

TRD’s bill analysis notes that they estimated the size of the tax base directly from their report “analysis of gross receipts by North American Industry Classification System.

### **ADMINISTRATIVE IMPLICATIONS**

TRD reports that the administrative implications associated with this bill would be minimal.

### **OTHER SUBSTANTIVE ISSUES**

TRD’s bill analysis included a discussion of the provisions of the bill reconciling multiple amendments. They noted that these provisions don’t have a fiscal impact because the department has been honoring the deductions as passed in Laws 2003. The department’s analysis follows:

Laws 2003, Chapter 350, Section 1 amended the deduction under Section 7-9-77.1 NMSA 1978 to include Medicare receipts of home health agencies and clinical laboratories. However, because Laws 2003, Chapter 351, Section 1, which also amended Section 7-9-77.1, was signed last by Governor, it was codified, while Laws 2003, Chapter 350, Section 1 (deduction for clinical labs and home agencies) appears in the annotations to that section. The Tax Department interprets the annotations of the statute to be binding as law until and unless these are omitted in a subsequent amendment of the statute. The Department’s position is based on the argument that rules of statutory construction are only aids when interpreting true legislative intent (*Quintana v. New Mexico Dep’t of Cors.*, 100 N.M. 224, P2d 1101 [1983]).

BT/yr